

Chairman's introduction



Dear shareholder,

I am pleased to introduce EVRAZ' annual report for 2016, a year in which the Group delivered a solid performance and continued to make significant progress in enhancing the overall efficiency of its operations.

Market sentiment was shaped by several factors in 2016, including positive global price trends in steel and bulk commodities, driven by developments in China. At the same time, Russian and North American steel consumption declined amid unfavourable economic conditions, lower Russian GDP and falling oil prices.

While the outlook for metal prices remains uncertain, the increase in prices in 2016 was naturally beneficial for EVRAZ, and we hope that it marks the start of a sustained recovery.

Safety

In 2016, despite a substantial reduction in fatal incidents, and ongoing declining trends in the total number of Lost Time injuries, six people lost their lives. I would like to express my heartfelt condolences to the families and friends of the deceased. Safe working conditions remain a constant focus and an absolute priority for the Group and our executive management. We continue to strive to reduce the number of fatalities and injuries to zero and ensure that every one of our employees goes home safe every day. [See pages 76-77](#)

Governance

The Board continues to enhance its oversight of the Group's corporate governance and compliance with regulations and guidelines.

Over 2016, the Board focused on the execution of EVRAZ' strategy, its own effectiveness and the management of risks, including those arising from currency volatility, geopolitical instability and lower economic activity.

In the second half of the year, an evaluation of the Board's effectiveness was conducted. The results underline that the Board is well balanced and diverse, with the right mix of international business skills, experience and independence. [See page 106](#)

Board developments

The composition of the Board is reviewed regularly.

As disclosed in the 2015 annual report, Olga Pokrovskaya and Duncan Baxter stepped down from the Board in March 2016, following the strategic decision to streamline the Board in response to challenging market conditions. While this reduced the number of members from 10 to 8, the Board and I feel that we currently have the right balance of skills, experience and backgrounds to support and challenge the management team.

I would like to take this opportunity to thank my fellow directors for their support and the vision and intellect that they bring to the Board.

Our people

Our people are our greatest asset. EVRAZ' strength derives from the hard work and productivity of all of those at the Group. On behalf of the Board, I would like to thank everyone at EVRAZ for their hard work and contribution to delivering another set of positive results in 2016.

Outlook

Since 2014, the global metals and mining sector has experienced extremely challenging conditions. However, commodity prices appear to be stabilising and even showing modest signs of recovery. In the near term, the prospect of a better balance between demand and supply for most commodities should underpin this.

Nevertheless, the overall operating environment remains complex and volatile. The Board and management continue to scrutinise all realistically conceivable scenarios for the next five years, identifying potential opportunities, obstacles and risks and incorporating them into the Group's planning.

EVRAZ will celebrate its 25th anniversary of operation in 2017, and I look forward to the year with optimism.

We believe that we have the right assets focusing on the right commodities, as well as the capability and culture to build even more momentum and prosper in 2017 and beyond.



Alexander Abramov
Chairman of the Board EVRAZ plc